

AMENDED IN ASSEMBLY FEBRUARY 24, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 88

Introduced by Assembly Member Thomson

(Principal coauthor: Senator Perata)

(Coauthors: Assembly Members Alquist, Aroner, Cardoza, Corbett, Davis, ~~Hertzberg~~, ~~Knox~~, ~~Kuehl~~ Dickerson, Dutra, Frusetta, Granlund, Hertzberg, Jackson, Knox, Kuehl, Lempert, Longville, Lowenthal, Machado, Mazzoni, Migden, Papan, Romero, Scott, Shelley, Steinberg, Strom-Martin, Villaraigosa, Washington, Wayne, and Wright)

(Coauthors: Senators Alpert, Chesbro, ~~Ortiz~~, Rainey Escutia, Ortiz, Rainey, Solis, and Vasconcellos)

December 10, 1998

An act to add Section 1374.72 to the Health and Safety Code, and to add Section 10144.5 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 88, as amended, Thomson. Health care coverage: mental illness.

Under existing law, a disability insurer or health care service plan may not discriminate based on race, color, religion, national origin, ancestry, marital status, or sexual orientation. An insurer is also prohibited from refusing to insure a person or from charging a different premium because of that person's blindness.

This bill would require a health care service plan contract or disability insurance policy issued, amended, or renewed on or after January 1, 2000, to provide coverage for the diagnosis and medically necessary treatment of severe mental illnesses, *as defined*, of a person of any age, and of serious emotional disturbances of a child, under the same terms and conditions applied to other medical conditions. The bill would exempt from the provision relating to a health care service plan contract, a contract between the State Department of Health Services and a health care service plan for enrolled Medi-Cal beneficiaries. The bill would also specify exemptions from the provision relating to a disability insurance policy.

Because a willful violation of the provisions relating to health care service plans is a crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. (a) The Legislature finds and declares
- 2 all of the following:
- 3 (1) Mental illness is real.
- 4 (2) Mental illness can be reliably diagnosed.
- 5 (3) Mental illness is treatable.
- 6 (4) Treatment of mental illness is cost-effective.
- 7 (b) The Legislature further finds and declares all of
- 8 the following:
- 9 (1) There is increasing scientific evidence that severe
- 10 mental illnesses, such as schizophrenia, bipolar disorders,
- 11 and major depression, are as effectively treated with
- 12 medications as other severe illnesses.



(2) Most private health insurance policies provide coverage for mental illness at levels far below coverage for other physical illnesses.

(3) Limitations in coverage for mental illness in private insurance policies have resulted in inadequate treatment for persons with these illnesses.

(4) Inadequate treatment causes relapse and untold suffering for individuals with mental illness and their families.

(c) The Legislature further finds and declares all of the following:

(1) Lack of adequate treatment and services for persons with mental illness has contributed significantly to homelessness, involvement with the criminal justice system, and other significant social problems experienced by individuals with mental illness and their families.

(2) The failure to provide adequate coverage for mental illnesses in private health insurance policies has resulted in significant increased expenditures for state and local governments.

(d) The Legislature further finds and declares that other states that have adopted mental illness parity legislation have experienced minimal additional costs if medically necessary services were well managed.

SEC. 2. Section 1374.72 is added to the Health and Safety Code, to read:

1374.72. (a) Every health care service plan contract issued, amended, or renewed on or after January 1, 2000, that provides hospital, medical, or surgical coverage shall provide coverage for the diagnosis and medically necessary treatment of severe mental illnesses of a person of any age, and of serious emotional disturbances of a child, as specified in subdivisions (d) and (e), under the same terms and conditions applied to other medical conditions, as specified in subdivision (c).

(b) These benefits shall include the following:

(1) Outpatient services.

(2) Inpatient hospital services.

(3) Partial hospital services.

1 (4) Prescription drugs, if the plan contract includes
2 coverage for prescription drugs.

3 (c) The terms and conditions applied to the benefits
4 required by this section, that shall be applied equally to
5 all benefits under the plan contract, shall include, but not
6 be limited to, the following:

7 (1) Maximum lifetime benefits.

8 (2) Copayments.

9 (3) Individual and family deductibles.

10 (d) For the purposes of this section, ~~“severe mental~~
11 ~~illnesses”~~ *“severe mental illnesses”* shall include:

12 (1) Schizophrenia.

13 (2) Schizoaffective disorder.

14 (3) Bipolar disorder (manic-depressive illness).

15 (4) Major depressive disorders.

16 (5) Panic disorder.

17 (6) Obsessive-compulsive disorder.

18 ~~(7) Borderline personality disorder.~~

19 ~~(8)~~

20 ~~(7)~~ Pervasive developmental disorder or autism.

21 ~~(9)~~

22 (8) Anorexia Nervosa.

23 ~~(10)~~

24 (9) Bulimia Nervosa.

25 (e) For the purposes of this section, a child suffering
26 from, ~~“serious emotional disturbances of a child”~~ *“serious*
27 *emotional disturbances of a child”* shall be defined as a
28 child who (1) has one or more mental disorders as
29 identified in the most recent edition of the Diagnostic and
30 Statistical Manual of Mental Disorders, other than a
31 primary substance use disorder or developmental
32 disorder, that result in behavior inappropriate to the
33 child’s age according to expected developmental norms,
34 and (2) who meets the criteria in paragraph (2) of
35 subdivision (a) of Section 5600.3 of the Welfare and
36 Institutions Code.

37 (f) This section shall not apply to contracts entered
38 into pursuant to Chapter 7 (commencing with Section
39 14000) or Chapter 8 (commencing with Section 14200) of
40 Division 9 of Part 3 of the Welfare and Institutions Code,

1 between the State Department of Health Services and a
2 health care service plan for enrolled Medi-Cal
3 beneficiaries.

4 (g) Nothing in this section shall be construed to
5 prohibit or limit a health care service plan in utilizing case
6 management, managed care, or utilization review in the
7 provision of benefits required in this section.

8 SEC. 3. Section 10144.5 is added to the Insurance
9 Code, to read:

10 10144.5. (a) Every policy of disability insurance that
11 covers hospital, medical, or surgical expenses in this state
12 that is issued, amended, or renewed on or after January
13 1, 2000, shall provide coverage for the diagnosis and
14 medically necessary treatment of severe mental illnesses
15 of a person of any age, and of serious emotional
16 disturbances of a child, as specified in subdivisions (d)
17 and (e), under the same terms and conditions applied to
18 other medical conditions, as specified in subdivision (c).

19 (b) These benefits shall include the following:

20 (1) Outpatient services.

21 (2) Inpatient hospital services.

22 (3) Partial hospital services.

23 (4) Prescription drugs, if the policy or contract
24 includes coverage for prescription drugs.

25 (c) The terms and conditions applied to the benefits
26 required by this section that shall be applied equally to all
27 benefits under the disability insurance policy shall
28 include, but not be limited to, the following:

29 (1) Maximum lifetime benefits.

30 (2) Copayments and coinsurance.

31 (3) Individual and family deductibles.

32 (d) For the purposes of this section, ~~‘severe mental~~
33 ~~illnesses’~~ “*severe mental illnesses*” shall include:

34 (1) Schizophrenia.

35 (2) Schizoaffective disorder.

36 (3) Bipolar disorder (manic-depressive illness).

37 (4) Major depressive disorders.

38 (5) Panic disorder.

39 (6) Obsessive-compulsive disorder.

40 ~~(7) Borderline personality disorder.~~

1 ~~(8)~~

2 (7) Pervasive developmental disorder or autism.

3 ~~(9)~~

4 (8) Anorexia Nervosa.

5 ~~(10)~~

6 (9) Bulimia Nervosa.

7 (e) For the purposes of this section, a child suffering
8 from, ~~‘serious emotional disturbances of a child’~~ “*serious*
9 *emotional disturbances of a child*” shall be defined as a
10 child who (1) has one or more mental disorders as
11 identified in the most recent edition of the Diagnostic and
12 Statistical Manual of Mental Disorders, other than a
13 primary substance use disorder or developmental
14 disorder, that result in behavior inappropriate to the
15 child’s age according to expected developmental norms,
16 and (2) who meets the criteria in paragraph (2) of
17 subdivision (a) of Section 5600.3 of the Welfare and
18 Institutions Code.

19 (f) Nothing in this section shall preclude coverage of
20 all or part of mental health services through a separate
21 specialized health care service plan, mental health plan,
22 or mental health field test.

23 (g) Nothing in this section shall be construed to
24 prohibit or limit a disability insurer in utilizing case
25 management, managed care, or utilization review in the
26 provision of benefits required in this section.

27 (h) This section shall not apply to accident-only,
28 specified disease, hospital indemnity, Medicare
29 supplement, dental-only, or vision-only insurance
30 policies.

31 SEC. 4. No reimbursement is required by this act
32 pursuant to Section 6 of Article XIII B of the California
33 Constitution because the only costs that may be incurred
34 by a local agency or school district will be incurred
35 because this act creates a new crime or infraction,
36 eliminates a crime or infraction, or changes the penalty
37 for a crime or infraction, within the meaning of Section
38 17556 of the Government Code, or changes the definition
39 of a crime within the meaning of Section 6 of Article
40 XIII B of the California Constitution.

1 ~~Notwithstanding Section 17580 of the Government~~
2 ~~Code, unless otherwise specified, the provisions of this act~~
3 ~~shall become operative on the same date that the act~~
4 ~~takes effect pursuant to the California Constitution.~~

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